

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING (NPPC ET AL.
PROPOSAL ONE)

Docket No. RM2023-3

**COMMENTS OF THE UNITED STATES POSTAL SERVICE
REGARDING MAILERS' PROPOSAL ONE**
(February 8, 2023)

On December 19, 2022, a consortium of mailer representatives (Mailers) filed a pleading styled as "Motion For Reconsideration or, in the Alternative, Petition to Initiate a Proceeding Regarding the Appropriate Analytical Principle for Retiree Health Benefit Normal Costs." In Order No. 6430 (January 25, 2023), the Commission denied the motion for reconsideration of Order No. 6363 (December 9, 2022), and identified this docket as the one in which the Commission would consider Mailers' alternative request for relief, denominated as Proposal One. The Order further set February 8, 2023, as the deadline by which interested persons would need to submit comments on Proposal One. To the extent deemed necessary or beneficial to further aid in the Commission's evaluation of Proposal One, the Postal Service hereby submits these comments, once again urging the Commission to reject that proposal.

Mailers' Proposal One represents the Mailers efforts to seek modification of what was determined in Order Nos. 6363 and 6430 to be the current established methodology for the regulatory costing treatment of RHB normal costs under the circumstances created in FY 2022 by passage of the PSRA. The full procedural background on this matter is presented on pages 2-5 of Order No. 6430. For purposes of the instant comments, the more salient aspects of this background begin with Order

No. 6363. In the relevant parts of that Order, the Commission explicitly identified the current operative analytic principles with respect to the treatment of RHB normal costs in FY 2022. The Commission then invited parties wishing to suggest modification of those principles to submit their proposals by December 21. Order No. 6363 at 10-12. Mailers responded with their pleading of December 19, seeking reconsideration of Order No. 6363 with respect to the status quo, but in the alternative presenting Proposal One, their request for modification of the status quo.

Pursuant to Order No. 6382 (December 21, 2022), the Postal Service responded on January 4, 2023, addressing both portions of the Mailers' December 19th pleading, the motion for reconsideration and the affirmative proposal to modify the established principles. In that response, the Postal Service fully explained why the treatment of normal costs advocated by the Mailers is not feasible under the procedures applied in FY 2021, would contradict the intent of Congress expressed in the PSRA to end RHB prefunding, and would be inconsistent with the regulatory principle that attributable costs cannot exceed accrued costs. On January 11, the Mailers then sought leave to reply to that opposition, and submitted their reply. Thus, not only has the Postal Service addressed the merits of Proposal One in its opposition filed on January 4, but the Mailers have already had (and taken) the opportunity to reply. The Postal Service respectfully refers the Commission to its January 4 opposition for its views regarding Mailers' Proposal One. That pleading amply established why the Proposal should be rejected.

For the reasons explained at length in its previous pleading, the Postal Service respectfully requests that the Commission reject Mailers' Proposal One as an inappropriate and unlawful step backward.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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